

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL EXPEDITED PACKAGE SERVICES 8 CONTRACTS
(MC2017-183 AND CP2017-284)
NEGOTIATED SERVICE AGREEMENT

Docket No.
CP2020-108

**NOTICE OF UNITED STATES POSTAL SERVICE OF FILING A
FUNCTIONALLY EQUIVALENT GLOBAL EXPEDITED PACKAGE SERVICES 8
NEGOTIATED SERVICE AGREEMENT AND APPLICATION FOR
NON-PUBLIC TREATMENT OF MATERIALS FILED UNDER SEAL**
(March 20, 2020)

In accordance with 39 C.F.R. § 3015.5 and Order No. 4129,¹ the United States Postal Service (Postal Service) hereby gives notice that it is entering into a Global Expedited Package Services (GEPS) 8 contract. Prices and classifications not of general applicability for this GEPS 8 contract are authorized by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued February 7, 2019 (Governors' Decision No. 19-1).² GEPS 8 was added to the competitive product list, and the contract filed in Docket No. CP2017-284 serves as the baseline agreement for comparison of potentially functionally equivalent agreements under the GEPS 8 grouping.³ The Postal

¹ PRC Order No. 4129, Order Adding GEPS 8 to the Competitive Product List and Designating Baseline Agreement, Docket Nos. MC2017-183 and CP2017-284, September 29, 2017.

² A redacted copy of the Governors' Decision is filed as Attachment 3 to this Notice. See Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1), February 7, 2019.

³ PRC Order No. 4129, at 8.

Regulatory Commission (Commission) determined that individual GEPS contracts may be included as part of the GEPS 8 product if they meet the requirements of 39 U.S.C. § 3633 and if they are functionally equivalent to the GEPS 8 baseline agreement.⁴

The Postal Service hereby requests that the Postal Regulatory Commission (Commission) add the agreement that is the subject of this docket to the GEPS 8 contract product. The contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. Redacted copies of the contract, certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract, and Governors' Decision No. 19-1 are filed as Attachments 1, 2, and 3, respectively. Attachment 4 to this Notice is the Postal Service's Application for Non-public Treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 4. Redacted versions of the supporting financial documentation for the GEPS 8 contract that is the subject of this docket are included with this filing in separate Excel files.

I. Background

The first GEPS 8 contract was filed on September 5, 2017.⁵ The Postal Service demonstrates below that the agreement that is included with this filing is functionally equivalent to the contract that is the subject of Docket No. CP2017-284 (GEPS 8

⁴ *Id.*, at 7.

⁵ Request of the United States Postal Service to Add Global Expedited Package Services 8 Contracts to the Competitive Products List, and Notice of Filing (Under Seal) of Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2017-183 and CP2017-284, September 5, 2017.

baseline agreement). Accordingly, this contract should be included within the GEPS 8 product.

II. Identification of the Additional GEPS 8 Contract

The Postal Service believes that this additional GEPS contract fits within the Mail Classification Schedule (MCS) language for the Global Expedited Package Services product, as revised and updated in the most recent draft working copy of the MCS available on the PRC website.⁶

Once the Commission has completed its review, the Postal Service will provide notice of the effective date for the agreement that is the subject of this docket. In accordance with Article 11, the agreement will expire on June 30, 2020, unless terminated sooner pursuant to Article 12, Article 13, or Article 34.

III. Functional Equivalency of GEPS 8 Contracts

This GEPS 8 contract is substantially similar to the GEPS 8 baseline agreement. The contract shares similar cost and market characteristics with the GEPS 8 baseline agreement. In Governors' Decision No. 19-1, the Governors established prices of general applicability for competitive products that meet the criteria of 39 U.S.C. § 3633 and the regulations promulgated thereunder. The MCS requires that each GEPS contract must cover its attributable costs. The contract at issue here meets the Governors' criteria and thus exhibits similar cost and market characteristics to the previous GEPS contracts.

⁶ See PRC, Mail Classification Scheduled, posted January 26, 2020 available at <https://www.prc.gov/mail-classification-schedule>, section 2510.3 Global Expedited Package Services (GEPS) Contracts.

The functional terms of the contract at issue are the same as those of the GEPS 8 baseline agreement. The benefits of the contract to the Postal Service are comparable as well. Therefore, the Postal Service submits that the contract is functionally equivalent to the GEPS 8 baseline agreement.

In a concrete sense as well, this GEPS 8 contract shares the same cost and market characteristics as the GEPS 8 baseline agreement. Customers for GEPS 8 contracts are often small- or medium-sized businesses that mail products directly to foreign destinations using Priority Mail Express International, Priority Mail International, or Commercial e-Packet. Prices offered under the contracts may differ depending on the volume or postage commitments made by the customers. Prices also may differ depending upon when the agreement is signed, due to the incorporation of updated costing information. These differences, however, do not alter the contracts' functional equivalency. Because the agreement incorporates the same cost attributes and methodology, the relevant characteristics of this GEPS contract are similar, if not the same, as the relevant characteristics of the baseline GEPS 8 baseline agreement.

There are, however, differences between this contract and the GEPS 8 baseline agreement, which include:

- The name of the customer in the title, the name and address of the customer in the first paragraph, the name of the customer in the footer of each page of the agreement and its annexes, and the name of the customer in the signature page;
- In Article 3, replacement of paragraph (9);
- Revisions to paragraph (2) of Article 9;

- The minimum commitment in Article 10;
- Revisions to Article 11 concerning the term of the agreement;
- Revisions to Article 12 concerning termination of the agreement;
- Revisions to Article 15 concerning customs duties and taxes;
- Revisions to Article 16 concerning entire agreement and survival;
- Revisions to Article 18 concerning confidentiality;
- Revisions to Article 20 concerning intellectual property, co-branding, and licensing;
- In Article 21, an additional paragraph (8);
- Revisions to Article 25 concerning assignment;
- Revisions to Article 29 concerning warranties, representations and covenants;
- The identification of the customer's representative to receive notices under the agreement in revised Article 31 and the identity of the signatory to the agreement;
- Revisions to Article 34 concerning sovereign acts;
- Additional Article 36 concerning record keeping and audit;
- Additional Article 37 concerning expiration of rates; and
- Revised Annexes 1, 2, and 3.

The Postal Service does not consider that the specified differences affect either the fundamental service the Postal Service is offering or the fundamental structure of

the contract. Nothing detracts from the conclusion that this agreement is “functionally equivalent in all pertinent respects”⁷ to the GEPS 8 baseline agreement.

Conclusion

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that this GEPS 8 contract is in compliance with the requirements of 39 U.S.C. § 3633. In addition, the contract is functionally equivalent to the GEPS 8 baseline agreement. Accordingly, the contract should be added to the GEPS 8 product grouping.

Respectfully submitted,

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⁷ See PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 27, 2008, at 8.

**GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE
AND [REDACTED]**

This Agreement ("Agreement") is between [REDACTED] ("Mailer"), with offices at [REDACTED] and the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998. The Mailer and the USPS may be referred to individually as a "Party" and together as the "Parties."

Introduction. WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein; WHEREAS, the Parties desire to be bound by the terms of this Agreement; NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

1. Purpose of the Agreement. This Agreement shall govern the use the Mailer may make of customized mail service for Priority Mail Express International ("PMEI"), Priority Mail International ("PMI"), and Commercial E-Packet ("CeP") to [REDACTED]

2. Postage Payment through a Permit Imprint using USPS-provided Global Shipping Software (GSS) or other USPS-approved software. The Mailer shall pay postage to the USPS through the use of a permit imprint subject to the conditions stated in IMM 152.6 and DMM 604.5 that shall not be used for any other type of mail than Qualifying Mail that meets the requirements set forth in Article 4 of this Agreement.

3. Definitions. As used in this Agreement: (1) "IMM" means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (2) "DMM" means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (3) "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail. (4) "Qualifying Mail" means mail that meets the requirements set forth in Article 4 of this Agreement. (5) "Non-Qualifying Mail" means mail that does not meet the requirements set forth in Article 4 of this Agreement. Priority Mail International tendered to the USPS at a Business Mail Entry Unit, at a USPS retail window, or at any commercial mail receiving agency are Non-Qualifying Mail. (6) "PMEI Preparation Requirements Document" means the USPS document entitled [REDACTED]

[REDACTED], setting forth the preparation requirements and payment requirements for Priority Mail Express International Qualifying Mail, which the USPS shall provide the Mailer. (7) "PMI Preparation Requirements Document" means the USPS document entitled [REDACTED]

[REDACTED], setting forth the preparation requirements and payment requirements for Priority Mail International Qualifying Mail, which the USPS shall provide the Mailer. (8) "CeP Preparation Requirements Document" means the USPS document entitled [REDACTED]

[REDACTED], setting forth the preparation requirements and payment requirements for Commercial E-Packet Qualifying Mail, which the USPS shall provide the Mailer. (9) [REDACTED]

4. Qualifying Mail. Only mail that meets the requirements set forth in IMM 220 for Priority Mail Express International, and the PMEI Preparation Requirements Document, IMM 230 for Priority Mail International and the PMI Preparation Requirements Document, or the CeP Preparation Requirements Document, with the exception of: (a) Any Flat Rate item; and (b) Any item addressed to persons or entities identified on the Office of Foreign Assets Control's (OFAC's) Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, the Bureau of Industry and Security's (BIS's) Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; shall be considered as Qualifying Mail, except as those requirements conflict with the applicable requirements set forth in Article 8.

5. Treatment of Non-Qualifying Mail. The USPS, at its option and without forfeiting any of its rights under this Agreement, may refuse to accept Non-Qualifying Mail or may accept Non-Qualifying Mail at the applicable published prices.

6. Specific Preparation Requirements. (1) Mailings of Qualifying Mail must be kept separate from any other type of mail the Mailer tenders and may only be presented at the Entry Site specified in Article 9(2). (2) Qualifying Mail must be prepared in accordance with the PMEI Preparation Requirements Document, PMI Preparation Requirements Document, or the CeP Preparation Requirements Document, and must be accompanied by a postage manifest and postage statement. (3) Mailer agrees to abide by any additional preparation requirements prescribed by USPS or [REDACTED] or by the customs authorities of the United States or [REDACTED]

7. Obligations of the USPS. The USPS hereby agrees: (1) Transportation To arrange with carriers to transport Qualifying Mail to international destinations where the proper authority will effect delivery. (2) Undeliverable Items To return: (a) PMI Qualifying Mail items refused by an addressee or that are undeliverable, to the Mailer according to the provisions of IMM 771. (b) CeP Qualifying Mail refused by an addressee or that are undeliverable to the Mailer [REDACTED]. (3) Postage To provide prices for Qualifying Mail paid for and tendered as required by this Agreement. (4) Confidentiality To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice, including without limitation all prices set forth in this Agreement, when it files the Agreement with the Postal Regulatory Commission ("Commission"), or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements. (5) Technical Assistance To provide the Mailer with technical assistance necessary to prepare information linkages, electronic data files, and data exchanges as required for the proper functioning of USPS-provided Global Shipping Software (GSS). (6) To pay [REDACTED] for duties, taxes, and fees on behalf of Mailer. [REDACTED]

8. Obligations of the Mailer – General. The Mailer hereby agrees: (1) Postage To pay postage for Qualifying Mail in accordance with the price charts in the Annexes to this Agreement. (2) Customs and Export Documentation To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of mail to the sender. (3) Customs and Export Requirements To comply with any regulation or order promulgated by the USPS, OFAC, the U.S. Department of the Treasury, the U.S. Census Bureau, BIS, the U.S. Department of Commerce, the U.S. Department of State, the U.S. Customs & Border Protection, the U.S. Fish and Wildlife Service, the Transportation Security Administration, a destination country foreign government, or other governmental unit, according to any requirements specified by those authorities. See IMM 5 for additional information. (4) Tender Not to: (a) Tender or attempt to tender any item under this Agreement that is destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740 available at www.gpo.gov/fdsys/pkg/CFR-2013-title15-vol2/pdf/CFR-2013-title15-vol2-part740-appNo-.pdf; (b) Tender or attempt to tender any item addressed to persons or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; (c) Tender or attempt to tender any item on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382. (d) Tender or attempt to tender any item that requires an export license or specific license, as applicable, from BIS, OFAC, the U.S. Department of State, the U.S. Department of Energy, or any other governmental unit that imposes restrictions on exports. (5) Confidentiality To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Commission. (6) Penalties To pay any fines or penalties as well as any other expenses, damages, and/or charges, including any applicable duties, taxes, and/or fees that result from an action of any other governmental entity that regulates exports and/or imports in relation to any item tendered under this agreement, or that results from the Mailer's failure to comply with applicable laws and regulations of the origin country, destination country, or any country through which a mailing tendered under this Agreement passes (including failure to provide necessary documentation and/or failure to obtain any required license or permit). (7) Notice of Investigations, Prosecutions, or Proceedings To notify USPS, via e-mail to globaltrade@usps.gov and internationalmailsecurity@usps.gov, of all material criminal, civil, or administrative investigations, prosecutions, or proceedings relating to violations or potential violations of export control, customs, fraud, data, or mailability laws concerning transactions involving the Mailer, brought against the Mailer, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents, in no case more than 5 business days after discovery.

9. Additional Obligations of the Mailer. The Mailer hereby agrees: (1) Advance Notification To provide: (a) The Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov, with notification of any new permit number(s) to be used for Qualifying Mail at least ten (10) days in advance of the expected start date of mailings under the new permit number(s). The notification should include the permit number, the city, state, and ZIP Code where the permit is held, the name of the permit owner, and the requested implementation date. (b) The appropriate USPS acceptance site with notice of intent to mail. (2) Tender To present the mailings to the USPS at the acceptance location(s) as set forth in the PMEI Preparation Requirements Document, the PMI Preparation Requirements Document or the CeP Preparation Requirements Document, as applicable. (3) Address Labels and Customs Declarations To create address labels and Customs declarations for Qualifying Mail using USPS-provided Global Shipping Software (GSS). (4) Information Link To establish the necessary linkages with the USPS so that: (a) The Mailer and the USPS can exchange data transmissions concerning the Mailer's packages; (b) The USPS can, at the Mailer's request, extract information by scanning the Mailer-

provided barcode on each package. (5) Data Transmission To exchange electronic information with the USPS according to the instructions the USPS provides. (6) Customs Duties and Taxes To pay duties, taxes, and fees assessed by customs and postal authorities as provided in Article 15.

10. Minimum Commitment. The Mailer is required to meet an annualized minimum commitment of [REDACTED]. The postage commitment is for postage after all discounts have been applied.

11. Term of the Agreement. (1) The USPS will notify the Mailer of the Effective Date of the Agreement, which shall be as soon as possible, but no later than thirty (30) days, after receiving the approval of the entities that have oversight responsibilities for the USPS. This Agreement shall remain in effect until June 30, 2020, unless terminated sooner pursuant to Article 12, Article 13, or Article 34. (2) The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process. (3) The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date. (4) At the discretion of the USPS and subject to Article 30 Conditions Precedent, as well as official notification by the USPS to the Postal Regulatory Commission at least seven (7) days prior to the expiration date of this agreement, the USPS may, prior to the expiration of this Agreement, provide notice to the Mailer in accordance with Article 31 that this agreement has been extended for up to an additional three (3) months, with the option for the USPS to extend this Agreement for a second additional three (3) months, and the USPS reserves the right to adjust the duration of such extension, depending on the effective date, if any, of a successor agreement with the Mailer.

12. Termination of the Agreement. (1) Either Party to this Agreement, in its sole discretion, may terminate the Agreement for any reason, without cost, fault, or penalty, except as provided for in Paragraph 3 of this Article, regardless of whether either Party is in default, upon a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. [REDACTED]

[REDACTED] (3) In the event that this Agreement is terminated for any reason before the termination date provided for in Article 11 (including for the reasons and under the terms set forth in Article 34), any penalties arising under this Agreement; shall be enforceable, and the minimum commitment in Article 10 shall be calculated on a pro rata basis to reflect the actual duration of the Agreement. (4) The USPS is under no obligation to remind the Mailer of the termination of this Agreement. In addition, the USPS is under no obligation to enter into a subsequent agreement with the Mailer.

13. Modification of the Agreement. (1) Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 14 and with the exception of a notice of termination under Article 12, shall be binding only if placed in writing and signed by each Party. (2) Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the Board of Governors of the USPS, the Governors of the USPS, the Commission, and/or any other governmental body with oversight responsibility for the USPS. (3) If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained. (4) The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS. (5) The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process.

14. Postage Updates. (1) In the event that the USPS incurs [REDACTED], the USPS shall notify the Mailer and modify the prices established under this Agreement. [REDACTED] (2) The USPS will give the Mailer thirty (30) days' notice of such changes to the prices in the Annexes of this Agreement. (3) Any revision of prices in the Annexes of this Agreement shall not be retroactive. (4) No price shall increase beyond the non-discounted published price for the affected service. (5) If Mailer does not agree to such increase in price, then Mailer may avail itself of the termination provision contained in Article 12 of this Agreement. (6) All price changes under the provisions of this Article will be subject to review and oversight by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

15. Customs Duties and Taxes. (1) Customs duties, taxes, and/or fees for Qualifying Mail tendered under this Agreement are the responsibility of the Mailer. (2) In addition to payment of duties and taxes, Mailer agrees [REDACTED]

(3)

(4)

(5)

(6)

(7)

(8)

(9)

16. Entire Agreement and Survival. (1) This Agreement, including all Annexes thereto shall constitute the entire agreement between the Parties regarding customized prices for Priority Mail Express Mail International, Priority Mail International and Commercial E-Packet using the [REDACTED] commencing on the Effective Date of the Agreement. (2) The provisions of Article 7, Paragraph 4; Article 8, Paragraph 5; and Article 18 shall expire ten (10) years from the date of termination or expiration of this Agreement. The terms and conditions of other provisions that by their context or nature are intended to survive after performance hereunder shall survive the termination or expiration of this Agreement. (3) The Mailer is responsible for any remaining obligations under any Global Plus Service Agreement between the Mailer and the USPS. (4) [REDACTED]

17. Force Majeure. Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, labor disputes or shortages; governmental laws, ordinances, rules and regulations, whether valid or invalid; court orders whether valid or invalid; inability to obtain material, equipment or transportation; and any other similar or different contingency.

18. Confidentiality. [REDACTED]

[REDACTED] Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. [REDACTED]

[REDACTED] The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which "201#" signifies the USPS fiscal year to which the ACR pertains. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found in part 3007 of the regulations concerning the Commission in Title 39 of the Code of Federal Regulations.

19. Effect of Partial Invalidity. The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect.

20. Intellectual Property, Co-Branding and Licensing The Mailer is allowed the factual use of the following trademarks to identify the appropriate USPS service: Priority Mail Express International®, Priority Mail International®, Commercial ePacket®, and the acronyms PMEI™, PMI™, and CeP®. The Parties acknowledge that in the service of marketing the products under this Agreement that such product marketing may be enhanced through the use of cobranding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements.

21. Limitation of Liability. (1) The liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as a result of late delivery or non-delivery of any Qualifying Mail. (2) The USPS shall not be liable for any loss or expense, including, but not limited to fines and penalties, for the Mailer's failure to comply with any export laws, rules, or regulations. (3) The USPS shall not be liable for any act or omission by any person not employed or contracted by the USPS, including any act or omission of the Mailer, the Mailer's customer, or the recipient of an item tendered under this Agreement. (4) The USPS bears no responsibility for the refund of postage for Qualifying Mail in connection with actions taken by Customs authorities. (5) Priority Mail Express International, Priority Mail International, and CeP shipments mailed under this Agreement are not insured against delay in delivery. (6) Unless otherwise specified by notice published in a future issue of the *Postal Bulletin* that a date-certain, postage-refund guarantee will be offered for this particular type of Global Customized Mail Agreement, Priority Mail Express International With Money-Back-Guarantee Service Qualifying Mail mailed under this Agreement is not guaranteed against delay in delivery, and neither indemnity payments nor postage refunds will be made in the event of delay. (7) The USPS is not liable for any of the Mailer's actions and bears no liability in the event of termination with or without cause.

22. Indemnity. The Mailer shall indemnify and save harmless the USPS and its officers, directors, agents, and employees from any and all claims, losses, costs, damages, or expenses or liabilities, including but not limited to penalties, fines, liquidated damages, charges, taxes, fees, duties, or other money due ("Claims") growing out of or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, including Claims that result from the noncompliance of the Mailer with the laws of the United States and other countries.

23. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

24. Suspensions of Mail Service. In the event that a suspension of either Priority Mail Express International, Priority Mail International or Commercial E-Packet service from the United States to a country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Priority Mail Express International, Priority Mail International or Commercial E-Packet, as appropriate, to the USPS until service is restored.

25. Assignment. Neither Party may, or shall have the power to, assign its rights under this Agreement or, delegate its obligations hereunder, without the prior consent of the other; such consent is not to be unreasonably withheld. In addition, in the event that the Mailer is merged with or into or acquires another firm, corporation, or entity, pricing under this Agreement following such merger or acquisition shall apply only to mail sent by the entity existing prior to the merger or acquisition. Following any such merger or acquisition, the parties may negotiate in good faith to extend, modify or enter into a new Agreement applicable to the merged or acquired entity. Assignment by the Mailer to a subsidiary of the Mailer for which the Mailer is the majority owner shall be allowed.

26. No Waiver. The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

27. Paragraph Headings and Reference Citations. The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM, IMM or Code of Federal Regulations within this Agreement are intended to refer to the substantive information found within the cited section(s) at the time this Agreement was drafted. Changes to the citations or the relevant substantive information due to published revisions of the DMM, IMM or Code of Federal Regulations shall be applicable to this Agreement upon the effective date of such revisions.

28. Mailability, Exportability, and Importability. (1) All items mailed under this Agreement must conform to the mailability requirements of the USPS as detailed in the IMM 130 and USPS Publication 52; all applicable United States laws and regulations, including export control and customs laws and regulations; and all applicable importation restrictions of the destination countries. For each item mailed under this Agreement, the Mailer is responsible for notifying the Mailer's customers of their responsibility for determining export and import requirements, obtaining any required licenses and permits, and ensuring that the recipient of the item is authorized by the laws of the United States as well as destination countries to receive the item, and for the exportation and importation status of the products mailed under this Agreement as detailed in IMM 112. (2) The Mailer is responsible for ensuring that no item mailed under this Agreement includes non-mailable dangerous goods. Internationally mailable dangerous goods include only certain biological substances, certain radioactive materials, and small lithium batteries packaged in the devices they are meant to operate, as described in greater detail in IMM 135. Hazardous materials listed within the Department of Transportation's regulations, including at 49 C.F.R. § 172.101, are known as dangerous goods that are prohibited from all international mail, as set forth in Exhibit 331 of USPS Publication 52. These substances and items are in addition to any prohibitions or restrictions on imports that may be found in the Individual Country Listings in the IMM. Penalties for knowingly mailing dangerous goods may include civil penalties pursuant to 39 U.S.C. § 3018 and criminal charges pursuant to 18 U.S.C. § 1716.

29. Warranties, Representations and Covenants The Mailer warrants, represents, and covenants to the Postal Service as follows: (1) that the execution, delivery, and performance by the Mailer of its obligations under this Agreement (a) are within the Mailer's power and authority; (b) have been duly authorized; and (c) do not and will not contravene (i) any law or regulation binding on or affecting the Mailer, (ii) any contractual restriction binding on the Mailer, (iii) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on the Mailer, or (iv) the organizational documents of the Mailer; (2) that the Mailer is not subject to, and is not related to an entity that is subject to, a temporary or other denial of export privileges by BIS and that the Mailer is not listed on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382, and that the Mailer is not in arrears for any amount due to the USPS; (3) that the Mailer is not aware of any pending investigations that would be subject to the notice obligation under Article 8, Paragraph 7; [REDACTED]

[REDACTED] (5) that each permit that the Mailer requests to use, or uses, for Qualifying Mail under this Agreement is owned by (a) the Mailer or (b) a subsidiary of the Mailer for which the Mailer is the majority owner; (6) that the individual signing the Agreement on behalf of the Mailer is a duly authorized officer of the Mailer with the power and authority to enter into the Agreement on behalf of Mailer; and (7) that the Mailer shall comply with all applicable federal, state and local laws, rules and regulations.

30. Conditions Precedent. (1) The Parties acknowledge and understand that all obligations of the USPS under this Agreement, including the prices listed in the Annexes, shall be contingent on the USPS receiving approvals hereinafter ("Conditions Precedent") from one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that the Agreement may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the Postal Service to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party. (2) In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual; special; indirect; incidental; punitive; consequential; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or for costs incurred by either Party attributable to such non-approval such as attorney's fees.

31. Notices. (1) All notices or demands to the Parties required by this Agreement shall be sufficient if delivered personally or mailed via Priority Mail Express Mail to the following individuals: (a) To the USPS: Managing Director, Global Business

and Vice President; United States Postal Service; 475 L'Enfant Plaza SW Room 5012; Washington, DC 20260-4016; (b) To the Mailer: [REDACTED] or via e-mail to the USPS at: icmusps@usps.gov; or to the Mailer at: [REDACTED] (2) The Mailer hereby agrees to provide the USPS with updates to the contact information in Paragraph 1 of this Article.

32. Counterparts. The Parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all Parties need be signatories to the same documents, and all counterparty-signed documents shall be deemed an original and one instrument.

33. Compliance with Laws. Each party will comply with all federal, state, local and foreign laws, rules and regulations applicable to its performance of this Agreement.

34. Sovereign Acts The USPS and the Mailer acknowledge and agree that this Agreement is subject to any legislation that might be enacted by the Congress of the United States or any orders or regulations that might be promulgated by any executive authority, branch, agency, or independent establishment of the United States Government. The USPS and the Mailer further acknowledge and agree that this Agreement in no way waives the USPS's authority to act in its sovereign capacity and that, pursuant to the sovereign acts doctrine, the USPS shall not be held liable for any acts performed in its sovereign capacity, or for any acts performed by any executive authority, branch, agency or independent establishment of the United States Government in their sovereign capacities that may directly or indirectly affect the terms of this Agreement. In the event that either Party is required by legislation enacted by the Congress of the United States or any orders or regulations that might be promulgated by any executive authority, branch, agency or independent establishment of the United States Government to terminate, or otherwise as a result of such action is unable to perform its obligations under this Agreement, either Party may give notice of termination pursuant to Article 31 of this Agreement, which termination shall be effective immediately or on the effective date of such requirement, whichever is later. The Parties agree that in the event that this Agreement is terminated, as set forth in the preceding two sentences, or in the event that either Party is enjoined from proceeding with this Agreement by any court of competent jurisdiction, such Party shall not be subject to any liability by reason of such termination or injunction, except as set forth in Article 12, Paragraph 3. Further, the USPS will evaluate the impact on the Agreement of amendments to statutes affecting its ability to perform under this Agreement and may give notice of termination pursuant to Article 31 of this Agreement based upon such amendments, which termination shall be effective immediately or as determined by the USPS. To the extent of termination on this basis, the USPS shall not be subject to any liability by reason of such termination.

35. PMEI [REDACTED]

36. Record Keeping and Audit. Mailer shall prepare and maintain complete and accurate records, in accordance with good industry practice, to verify and document compliance with its obligations under this Agreement and substantiate any and all postage and penalties, and any related fees and expenses, payable by Mailer hereunder, in furtherance of the audit requirement under § 3654 of Title 39, United States Code, as well as compliance with export control laws. Mailer will retain all such records in the ordinary course of its business for a period of at least five (5) years after expiration or termination of this Agreement. Mailer shall respond to the USPS' or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other reasonable assistance as required by the Postal Service or its designated auditors in connection with Mailer's performance under this Agreement.

37. Expiration of Agreement Rates. The rates offered to the Mailer under this agreement expires unless the Mailer signs this agreement within the month, or the month subsequent to, the creation of this agreement as indicated by the month number in the footer of the agreement.

In witness whereof, each Party to this Agreement has caused it to be executed on the latter of the two dates accompanying the Parties' signatures.

ON BEHALF OF USPS:

DocuSigned by:
Donald Ross
A19A1D8E7A8D4EF...
Signature: _____
Name: Donald Ross
Title: Director International Sales
Date: 12-6-2019

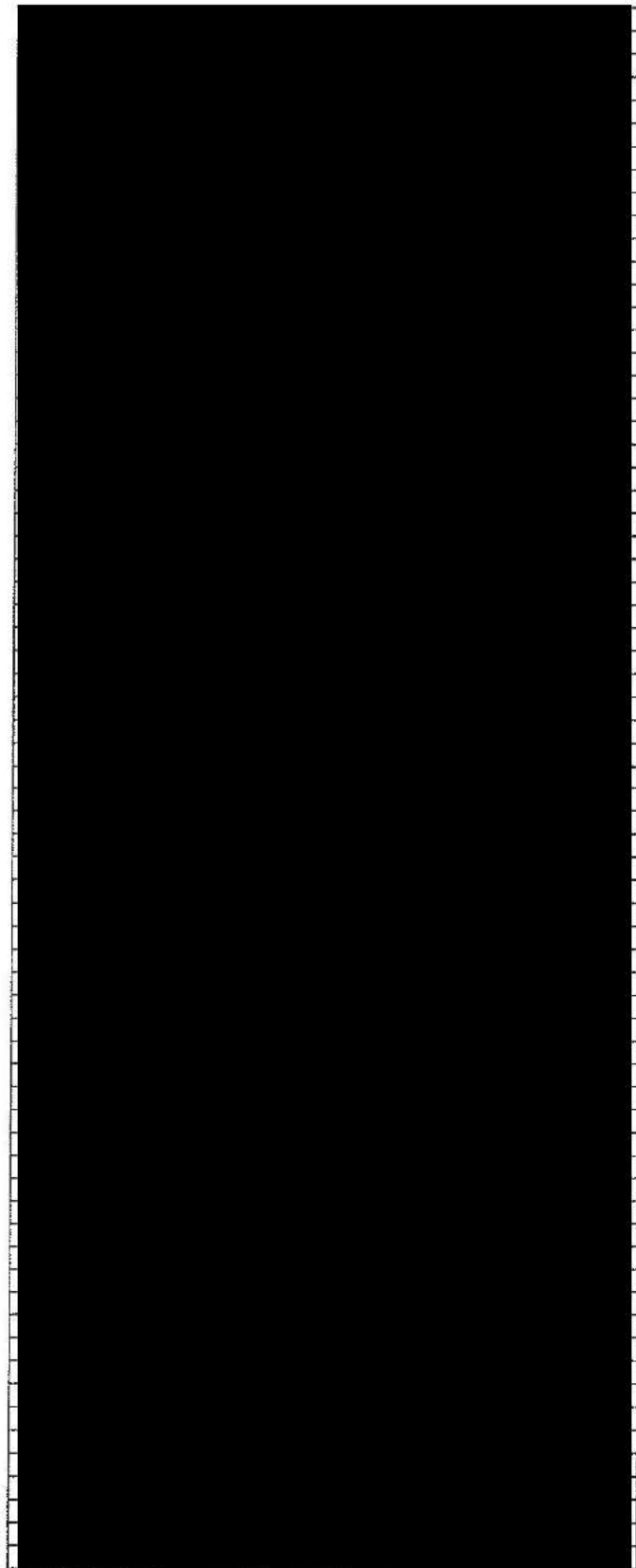
ON BEHALF

Signature: _____
Name: _____
Title: _____
Date: 12/06/19 12/12/2019

ANNEXES

ANNEX 1 PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL [REDACTED]
ANNEX 2 PRICES FOR PRIORITY MAIL INTERNATIONAL [REDACTED]
ANNEX 3 PRICES FOR COMMERCIAL E-PACKET [REDACTED]

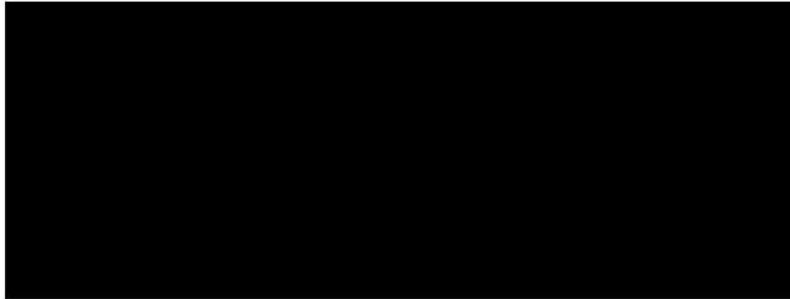
ANNEX 1
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL



ANNEX 2
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL



ANNEX 3
PRICES IN UNITED STATES DOLLARS FOR COMMERCIAL E-PACKET



Certification of Prices for the Global Expedited Package Services Contract with
[REDACTED]

I, Nan K. McKenzie, Manager, Pricing Innovation, United States Postal Service, am familiar with the prices for the Global Expedited Package Services Contract with [REDACTED]. The prices contained in this Contract were established in accordance with the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, adopted February 7, 2019 issued February 7, 2019 (Governors' Decision No. 19-1), which established prices by means of price floor formulas.

I hereby certify that the numerical cost values underlying the prices in the [REDACTED] contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision, exclusive of pickup on demand and international ancillary services fees, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Expedited Package Services Contracts should be even smaller. The Agreement with [REDACTED] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Nan K.
McKenzie**

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
DN: cn=Nan K. McKenzie, o,
ou=Manager, Pricing Innovation,
email=nan.k.mckenzie@usps.gov, c=US
Date: 2020.03.20 11:21:53 -04'00'

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)

February 7, 2019

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

Regulatory Commission. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover [REDACTED] [REDACTED] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

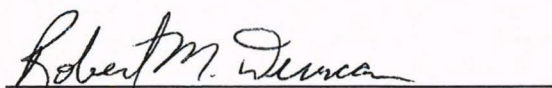
No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in cursive script, reading "Robert M. Duncan", is written over a horizontal line.

Robert M. Duncan

Chairman, Board of Governors

Attachment A

Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, “competitive instruments”). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each “product”) will be [REDACTED]

[REDACTED]

The cost coverage for a product equals [REDACTED]

[REDACTED]

[REDACTED]

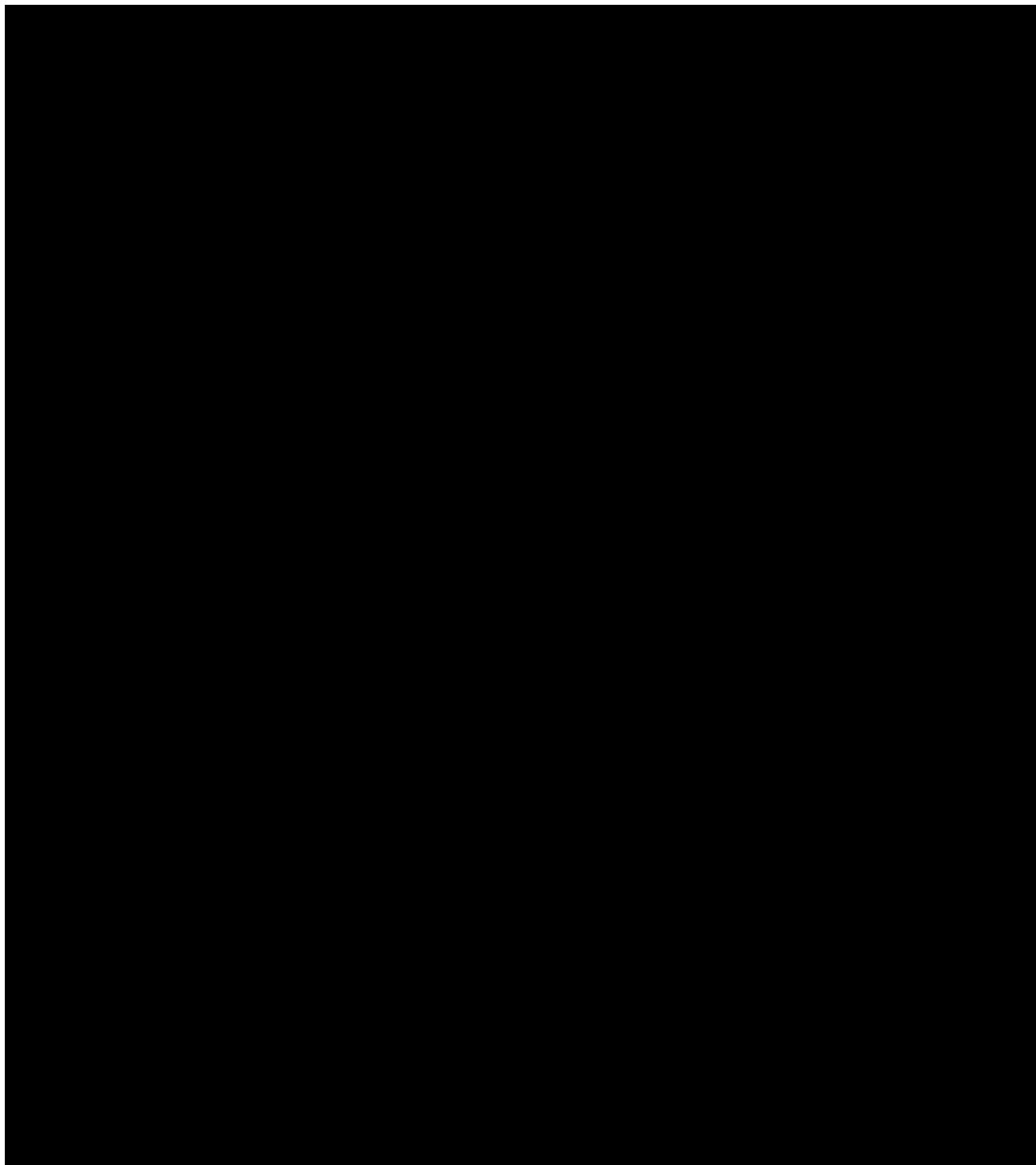
Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Priority Mail Express, Parcel Return Service, Parcel Select, First-Class Package Service, First Class Package International Service, Commercial ePacket Service, Priority Mail International, Priority Mail Express International, International Priority Airmail, International Surface Air Lift, Inbound Parcel Post, Inbound Direct Entry, and Inbound EMS services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service’s network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



Prices

established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R. § 3015.7(c), requires competitive products to contribute a minimum percentage to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise from 39 U.S.C. §3633(a)(1).

The Postal Service shall submit a semi-annual report to the Governors. The report shall include information on the cost coverage for each agreement or initiative that has been executed under the authority of Governors' Decision 19-1. Agreements classified as non-published rates or rate ranges may be reported as a collective grouping; all other agreements or initiatives are to be reported separately. The report shall also include cost coverage information on any agreements and nonpublished initiatives established under previous numbered Governors' Decisions and Resolutions.

**UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 19-1**

Consistent with 39 USC 3632(a), I hereby certify that the following Governors
voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan
David C. Williams



Michael J. Elston
Secretary of the Board of Governors (A)

7 February 2019

Date

ATTACHMENT 4

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in these dockets. The materials pertain to an additional Global Expedited Package Services (GEPS) 8 contract that the Postal Service believes is functionally equivalent to the GEPS 8 contract filed in Docket Nos. MC2017-183 and CP2017-284. The contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. Redacted copies of the contract, a certified statement required by 39 C.F.R. § 3015.5(c)(2) concerning the contract, and Governors' Decision No. 19-1 are filed with the Notice as Attachments 1, 2, and 3, respectively.¹

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.201(b) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(3) and (4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency

¹ The Postal Service informed the customer prior to filing its notice that it would be seeking non-public treatment of the redacted portions of each contract. The Postal Service also informed the customer that it could file its own application for non-public treatment of these materials in accordance with 39 C.F.R. § 3007.22

of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).² Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the nonpublic materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.³

In the case of GEPS 8 contracts, the Postal Service believes that the third parties with a proprietary interest in the materials are the customer with whom the contract is made and foreign postal operators.

The Postal Service maintains that customer identifying information should be withheld from public disclosure. Therefore, rather than identifying the customer for the contract that is the subject of this docket, the Postal Service gives notice that it has already informed the customer, in compliance with 39 C.F.R. § 3007.200(b), of the

² The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, March 20, 2009, at 11.

³ Section 3007.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

nature and scope of this filing and their ability to address their confidentiality concerns directly with the Commission.

The Postal Service employee responsible for providing notice to the customer with proprietary interest in the materials filed in this docket is Ms. Amy E. Douvlos, Marketing Specialist, Global Business, United States Postal Service, 475 L'Enfant Plaza, SW, Room 5427, Washington, DC 20260-4017, whose email address is Amy.E.Douvlos@usps.gov, and whose telephone number is 202-268-3777.

As for foreign postal operators, the Postal Service recently provided notice to all foreign postal operators within the Universal Postal Union network through an International Bureau Circular issued on December 9, 2019, that the Postal Service will be regularly submitting certain business information to the Commission. Some UPU-designated foreign postal operators may have a proprietary interest in such information. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into the instant application:

http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN.⁴

(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.

In connection with the Notice filed by the Postal Service in this docket, the Postal Service included a GEPS 8 contract, financial workpapers, a statement certifying that the agreement should meet the requirements of 39 U.S.C. § 3633(a), and a copy of

⁴ To the extent required, the Postal Service seeks a waiver from having to provide each foreign postal operator notice of this docket. It is impractical to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of contracts would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.

Governors' Decision No. 19-1. These materials were filed under seal, with redacted copies filed publicly, after notice to the customer. The Postal Service maintains that the redacted portions of the GEPS 8 contract, certification, Governors Decision No. 19-1, related financial information, and identifying information concerning a GEPS 8 competitive contract customer should remain confidential.

With regard to the GEPS 8 competitive contract filed in this docket, the redactions in the title and first paragraph of the agreement, the footers of each page, Article 31, and the signature block of the contract constitute the name or address of postal patrons whose identifying information may be withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c)(2).

The additional redactions protect information with specific impact on the customer, including the preparation requirements, the identify of interested third parties, the minimum commitment to the Postal Service, the payment of customs duties and taxes, the timing and manner in which the Postal Service might change prices under the contract, and certain other negotiated terms.

In addition, the prices in Annexes 1, 2 and 3 of the agreement are redacted. The redactions made in the Annexes 1, 2, and 3 of the contract, other than those involving the customer's name, withhold the actual prices that are being offered to the customer in exchange for its commitments and performance of its obligations under the terms of the agreement..

The redactions applied to the Governors' Decision and financial workpapers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, information relevant to the customer's mailing profile, and cost coverage projections. To the extent practicable, the Postal Service has limited its

redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b). However, in a limited number of cases, narrative passages, such as words or numbers in text, were replaced with general terms describing the redacted material.

The Postal Service anticipates that the Commission will request the Postal Service to file cost, volume and revenue data associated with the agreement after the expiration of this agreement. When the Postal Service files the data that will show the actual revenue and cost coverage of the customer's completed contract, the Postal Service will redact in its public filing all of the values included that are commercially sensitive information and will also protect any customer identifying information from disclosure.

(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.

If the portions of the contract that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. First, revealing customer identifying information would enable competitors to focus marketing efforts on current postal customers which have been cultivated through the efforts and resources of the Postal Service. The Postal Service considers that it is highly probable that if this information were made public, its competitors would take immediate advantage of it. The GEPS 8 competitive contracts include a provision allowing the mailer to terminate its contract without cause by providing a certain number of days' notice. Therefore, there is a substantial likelihood of the Postal Service losing customers to a competitor that targets customers of the Postal Service with lower pricing.

Other redacted information in each contract includes negotiated contract terms, such as the minimum revenue commitment agreed to by the customer, the penalty in the event the customer does not achieve the minimum revenue commitment, and the percentage of cost increase that may trigger a consequential price increase. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers made by the Postal Service to its customers for any possible comparative vulnerabilities and could focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Additionally, other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The Governors' Decision and financial workpapers filed with this notice include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, mailer profile information, projections of variables, contingency rates included to account for market fluctuations and the exchange risks. Similar information may be included in the cost, volume and revenue data associated with the agreement that the Commission may require the Postal Service to file after the expiration of this agreement. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing. Unlike its competitors, the Postal Service is required, in accordance with the Mail Classification Schedule, to demonstrate that each negotiated agreement within this

group covers its attributable costs. Furthermore, the Postal Service's Governors have required that each GEPS 8 contract be submitted to the Commission with a notice that complies with 39 C.F.R. § 3015.5. Competitors could take advantage of the information to offer lower pricing to GEPS 8 competitive contract customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant market. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the contract, from the information in the workpapers, or from the cost, volume and revenue data that the Commission may require the Postal Service to file after the agreement's expiration, whether additional margin for net profit exists between the contract and the contribution that GEPS 8 competitive contracts must make. From this information, each customer could attempt to negotiate ever-increasing incentives, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even customers involved in GEPS 8 competitive contracts could use the information in the workpapers, or the cost, volume and revenue data associated with the expired agreement, in an attempt to renegotiate their own rates, threatening to terminate their current agreements, although the Postal Service considers this to be less likely than the risks previously identified.

Price information in the contract, the Governors' Decision, the financial spreadsheets, and any cost, volume and revenue data concerning the contract filed after the agreement's expiration consists of sensitive commercial information of the customer. Disclosure of such information could be used by competitors of the customer

to assess the customer's underlying costs, and thereby develop a benchmark for the development of a competitive alternative.

Information in the financial spreadsheets and any cost, volume and revenue data concerning this agreement filed after the expiration of this contract also consists of sensitive commercial information related to agreements between the Postal Service and interested third parties. Such information would be extremely valuable to competitors of both the Postal Service and third parties. Using detailed information about such agreements, a competitor would be able to better understand the counterparty's underlying costs, and identify areas where the competitor could adapt their own operations to be more competitive. In addition, competitors of the counterparty could use such information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors of foreign postal operators could use the information in the financial spreadsheets to understand their nonpublished pricing to better compete against them.

(5) At least one specific hypothetical, illustrative example of each alleged harm.

Identified harm: Revealing customer identifying information would enable competitors to target the customers for sales and marketing purposes.

Hypothetical: The identity of the customer in this contract is revealed to the public.

Another delivery service has an employee monitoring the filing of GEPS 8 competitive contracts and passing along the information to its sales function. The competitor's sales representatives could quickly contact the Postal Service's customer and offer the customer lower rates or other incentives to terminate its contract with the Postal Service in favor of using the competitor's services.

Identified harm: Public disclosure of the pricing included in the agreement would provide potential customers extraordinary negotiating power to extract lower rates.

Hypothetical: Customer A's negotiated rates are disclosed publicly on the Postal Regulatory Commission's website. Customer B sees the rates and determines that there may be some additional profit margin between the rates provided to Customer A and the statutory cost coverage that the Postal Service must produce in order for the agreement to be added to the competitive products list. Customer B, which was offered rates identical to those published in Customer A's agreement, then uses the publicly available rate information to insist that Customer B must receive lower rates than those the Postal Service has offered it, or Customer B will not use the Postal Service for its expedited package service delivery needs.

Alternatively, Customer B attempts to extract lower rates only for those destinations for which Customer B believes that the Postal Service is the low-cost provider among all service providers. The Postal Service may agree to this demand in order to keep the customer's business overall, which the Postal Service believes will still satisfy total cost coverage for the agreement. Then, the customer uses other providers for destinations that are different than those for which the customer extracted lower rates. This impacts the Postal Service's overall projected cost coverage for the agreement, such that the Postal Service no longer meets its cost coverage requirement. Although the Postal Service could terminate the contract when the Postal Service first recognizes that the customer's practice and projected profile are at variance, the costs associated with establishing the contract, including filing it with the Postal Regulatory Commission, would be sunk costs that would have a negative impact on the GEPS 8

competitive contract product overall.

Identified harm: Public disclosure of information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service and foreign postal operators.

Hypothetical: A competing delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competing delivery service analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to meet the Postal Service's minimum statutory obligations for cost coverage and contribution to institutional costs. The competing delivery service then sets its own rates for products similar to what the Postal Service offers its GEPS 8 competitive contract customers under that threshold and markets its ability to guarantee to beat the Postal Service on price. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the business-to-business and customer-to-business services markets for which the GEPS 8 competitive contract product is designed.

Identified harm: Public disclosure of information in the contract and the financial workpapers would be used by the customer's competitors to its detriment.

Hypothetical: A firm competing with the customer obtains a copy of the unredacted version of the contract and financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the prices and the workpapers to

assess the customer's underlying costs, volumes, and volume distribution for the corresponding delivery products. The competitor uses that information to (i) conduct market intelligence on the customer's business practices and (ii) develop lower-cost alternatives using the customer's costs as a baseline.

Identified harm: Public disclosure of information in the contract and financial workpapers would be used by the competitors of the third party to the detriment of the Postal Service and/or the counterparty to the agreement.

Hypothetical: A firm competing with the interested third party obtains a copy of the unredacted version of the contract and financial workpapers from the Commission's website. The firm uses the information to assess the third party's revenue sources and growth opportunities, and thereby develop benchmarks for competitive alternatives. In addition, disclosure of such information could provide leverage to other parties in their negotiations with the Postal Service concerning financial arrangements that those parties may make with the Postal Service in the future.

Identified harm: Public disclosure of any cost, volume and revenue data concerning this agreement that the Commission may require the Postal Service to file after the contract's expiration would give competitors a marketing advantage.

Hypothetical: A competitor could use any cost, volume and revenue data associated with this agreement, which the Commission may require the Postal Service to file in this docket after this agreement's expiration, to "qualify" potential customers. The competitor might focus its marketing efforts only on customers that have a certain mailing profile, and use information in the performance report to determine whether a

customer met that profile.

(6) The extent of protection from public disclosure alleged to be necessary.

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets, including parcel and expedited services, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3007.401(a). However, because the Postal Service's relationships with customers often continue beyond ten years or decades, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3007.401(b-c).

(8) Any other relevant factors or reasons to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.